

World Broiler Overview

Total Broiler Meat Trade Forecast to Slow in 2003

World Trade: Total broiler meat exports in 2003 for major exporting countries are forecast at 5.7 million tons, less than a 1 percent decrease from the 2002 level. The decrease in exports is mainly attributed to restrictions in Russia's poultry imports. Russia, the largest market for poultry products, announced an annual poultry import quota of 1.05 million tons. The pro-rated quota, equal to 744,000 tons, will be effective May 1, 2003, and will be allocated by country. As a result of the quota, world broiler meat imports for major countries will fall by about 2 percent from the 2002 level, and competition in other markets among the major exporting countries is expected to stiffen.

Key Exporters:

- **United States:** Broiler meat exports in 2003 are forecast at 2.3 million tons, a 7 percent increase from the 2002 level. Broiler exports to traditional markets in Asia and the Americas are expected to remain strong, while exports to Russia, the largest market for U.S. broiler exports, will face challenges due to a Russian quota on poultry imports effective May 1, 2003. The Russian quota, if applied flexibly to both bone-in and boneless poultry, would provide for access exceeding the level of average monthly shipments in 2002. However, if the quota breakout remains as Russia has announced, U.S. bone-in poultry exports to Russia will be negatively affected. (See the Special Insert on Russia import restriction.) Mexico's provisional safeguard on imports of leg quarters, thighs, and drumsticks for the next 6 months is large enough to accommodate historical export levels, but will reduce potential growth that was anticipated with the elimination of all NAFTA duties and quotas in January. Mexico's provisional safeguard does not apply to imports of other poultry products.
- **Brazil:** Broiler meat exports in 2003 are forecast at 1.55 million tons, a 2 percent decrease from the 2002 level. The decrease in exports is mainly attributed to limited access to the Russian markets caused by Russia's introduction of a poultry import quota in 2003. Brazil was allocated only 5 percent, or 33,300 tons, of the Russian poultry import quota for the May-December period. The allocated volume is 11 percent of what Brazil exported to Russia in 2002. Major importing countries' sanitary concerns about Brazilian products will also challenge Brazil's exports in 2003.
- **European Union:** Broiler exports are forecast to be 720,000 tons in 2003, down 15 percent from 2002. An outbreak of high pathogenic Avian Influenza in the Netherlands in early 2003 will be the largest factor in reduced exports. The Netherlands accounts for 29 percent of EU broiler exports to the world. In addition, increased competition from Brazil in Middle East markets will be a factor as well. The EU is the world's third largest broiler exporter.

- **Thailand:** Broiler meat exports in 2003 are forecast at 480,000 tons, a 3 percent increase from the 2002 level. Thailand's further processed products exports to Japan and the EU are expected to remain strong, as those products increase Thailand's export value while minimizing importer's sanitary concerns. In 2002, Thailand's further processed cuts exports, mainly to Japan and the EU, grew faster than the growth rate seen in fresh/frozen cuts exports.

Key Importers:

- **China:** Broiler meat imports in 2003 are forecast at 400,000 tons, an almost 9 percent decrease from the 2002 level, as gains in production displace imports. China's broiler production series for 1987-2001 was revised upward to include not only western breeds but also domestic breeds as production of domestic breeds has reportedly grown to meet consumer tastes. The western breeds are predominantly used for commercial meat production. Domestic breeds, mainly yellow chicken, are multi-purpose, used for meat and egg production. Inclusion of both breeds in the supply and distribution balance sheet, more accurately measures broiler consumption in the country.
- **European Union:** European Union broiler imports in 2003 are projected to decline 5 percent from the previous year to 390,000 tons. The EU made changes to tariff regulations on salted poultry meat in 2002, which lead to reductions in imports from Brazil and Thailand. Imports are expected to decline due to the tariff changes and shifts in consumption. The EU is the world's fourth largest broiler importer.
- **Hong Kong:** Broiler meat imports for 2003 are forecast at 210,000 tons, nearly an 8 percent increase from the 2002 level. Increased demand for chilled chicken from China is the key factor for the gain. Hong Kong's imports from China grew to 38,000 tons in 2002, mainly whole birds, accounting for nearly 20 percent of its total broiler imports.
- **Japan:** Broiler meat imports for 2003 are forecast at 760,000 tons, a 2 percent increase from the 2002 level. Imports of further processed product, mainly from China and Thailand, are expected to remain strong, supported by strength in the ready-to-eat food market. Japan's safeguard on beef imports, once triggered, may stimulate Japan's broiler consumption.
- **Mexico:** Broiler meat imports in 2003 are expected to increase 4 percent from the revised 2002 import level to 275,000 tons, supported by the removal of tariff rate quotas (TRQs) and tariffs on products except leg quarters, thighs, and drumsticks. Leg quarters, thighs, and drumsticks are subject to a tariff-rate quota under a provisional safeguard. All other poultry products are imported duty free as NAFTA TRQ's and tariffs were eliminated on January 1, 2003. As a result of a U.S.- Mexico bilateral agreement, Mexico introduced a provisional safeguard measure that went into effect on January 23, 2003. The provisional safeguard establishes a tariff-rate quota of 50,000 tons at zero duty for 6 months (ending July 23, 2003). Additional

imports of leg quarters, thighs, and drumsticks during this period are subject to a 98.8 percent tariff. In the meantime, bilateral negotiations continue to develop final safeguard provisions that should be published by July 2003.

- **Russia:** In 2003, broiler imports are forecast at 1.125 million tons, down 7 percent from the previous year. The quota does not go into effect until May 1, 2003, allowing for unlimited imports between January and April. In anticipation of the impending quota, importers have been maximizing their imports keeping private stocks filled to capacity. See Special Insert on Russia's import restrictions for details on the poultry quota. Russia is the world's largest broiler importer.
- **Saudi Arabia:** Broiler meat imports in 2003 are forecast to be 185,000 tons, down 1 percent from 2002. The reduction in imports is attributed to increased domestic production and sanitary concerns over antibiotics in Brazilian broiler meat. Production is forecasted to increase 6 percent, outpacing consumption growth. Brazil, Saudi Arabia's leading supplier of broiler meat, is currently facing scrutiny from the Saudi government over a discovery of the antibiotic Nutrofuram in broiler meat.

NOTE

Ukraine: Ukraine is one of the countries reported in the "other countries" category. A revision was made to the Ukrainian PSD import data for years 1995 through 2001. Previously, the Ukrainian imports were determined by using world "export-to" data. The data were revised to show the official Ukrainian import statistics as reported by the State Statistics Committee (GOSKOMSTAT) of Ukraine. GOSKOMSTAT receives import data directly from Ukrainian Customs.